

Message Text

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ACTION NEA-06

INFO OCT-01 SS-20 ISO-00 A-01 ABF-01 PER-01 IO-03 IGA-01

OPR-01 RSC-01 DRC-01 /037 W

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P 041522Z APR 74

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC PRIORITY 2076

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STADIS//////////

LIMDIS

FOR NEA/EX- DAVIS FROM MCCLEAN

E O 11652 N/A

TAGS: AFSP

SUBJECT: COMPENSATION OF LOCAL EMPLOYEES

REF:A. TEL AVIV 1070

B. TEL AVIV OM DATED 2/26/74

C. DAVIS-MCLEAN TELECON 4/3/74

1. AS INDICATED DURING COURSE REF C, NON-PAYMENT
INCREASED COMPENSATION RESULT SPOT-CHECK SURVEY
CONDUCTED FEBRUARY CAUSING EXTREME HARDSHIP AND
UNREST AMONG LOCAL EMPLOYEES WHO BEING MERCILESSLY
SQUEEZED AS RESULT LOCAL INFLATION. SINCE
JANUARY 1, 1973, INFLATION ALREADY HAS REDUCED

PURCHASING POWER OF ISRAEL POUND BY OVER 40 PERCENT
AND IT IS CERTAIN THAT BY END OF CALENDAR 1974
REDUCTION IN PURCHASING POWER WILL SURPASS 70 PER-
CENT (THIS ASSUMES ONLY 35 PERCENT INFLATION IN
CY 1974 WHICH IS CONSERVATIVE).

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2. COST OF LIVING ROSE 26.4 PERCENT IN CALENDAR 1973

AND WAS UP AN ADDITIONAL 12 PERCENT IN JANUARY/FEBRUARY 1974 ALONE. MARCH FIGURES NOT YET AVAILABLE, BUT PRICES CONTINUE ESCALATE. CURRENT PREDICTION FOR CY 1974 IS FOR A 40-45 PERCENT INCREASE IN CONSUMER PRICES.

3. OBVIOUSLY WHAT IS AGITATING EMBASSY EMPLOYEES IS FACT THAT REAL VALUE THEIR PAY IS VANISHING AT AN ACCELERATED RATE. THERE IS REAL ANGER AT WHAT THEY FEEL IS OUR FAILURE COMPREHEND THE PROBLEM. THEY KNOW THAT RESULT SPOT SURVEY INDICATED INCREASES OF 7.7 PERCENT TO 12.7 PERCENT. TO BE TOLD NOW THAT THEY MUST AWAIT RESULTS OF AUDIT OF POSITIONS AND COMPLETION OF IN-DEPTH WAGE SURVEY BEFORE BEING PAID THIS INCREASE WHICH IS OVERDUE IS FURTHER EVIDENCE LACK UNDERSTANDING, OR ELSE COMPLETE INSENSITIVITY TO THEIR NEEDS.

4. THERE IS LITTLE QUESTION BUT THAT THE POST STANDS IN DANGER OF LOSING SOME OF ITS BETTER, YOUNGER EMPLOYEES (ESPECIALLY IN THE BUILDING MAINTENANCE LINE) WHO HAVE RECEIVED FAR BETTER JOB OFFERS, BUT WHO HAVE REMAINED ON THE JOB ON THE ASSUMPTION THAT THE EMBASSY WOULD MAKE THE NECESSARY SALARY ADJUSTMENTS. THE PRESSURES ARE BUILDING UP OWING TO ESCALATION OF PRICES OF FOOD (40 PERCENT TO 70 PERCENT ON BASIC ITEMS WITH THE PARTIAL REMOVAL OF GOVERNMENT SUBSIDIES), GASOLINE (ISRAELIS PAY DOLS 1.53 PER GALLON FOR 94 OCTANE), ELECTRICITY, AND OTHER SERMICES.

5. THE DEPTH OF FEELING OF THE ISRAELI EMPLOYEES WAS MADE EVIDENT DURING A MEETING HELD ON APRIL 3 BY THE ADMINISTRATIVE OFFICER WITH A REPRESENTATIVE GROUP. THEY EXPRESSED THEIR FEELING OF POLARIZATION BETWEEN "WE" (THE ISRAELIS) AND 3THEY" (THE AMERICANS) AND REITERATED THAT THEY FEEL THE AMERICANS IN THE EMBASSY AND IN WASHINGTON COMPLETELY FAIL TO UNDERSTAND THEIR PROBLEM. THE EMBASSY BELIEVES THIS SITUATION MUST BE CORRECTED WITHOUT LIMITED OFFICIAL USE

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DELAY AND MOST STRONGLY RECOMMENDS AND REQUESTS THAT AUTHORIZATION (AND FUNDS) BE PROVIDED FOR AN IMMEDIATE 10 PERCENT ACROSS THE BOARD INCREASE AS AN ADVANCE ON AN EVEN LARGER INCREASE WHICH ALMOST CERTAINLY WILL RESULT FROMV IN-DEPTH SURVEY BY TIME IT IS COMPLETED, AUTHORIZED AND FUNDED.

6. IT IS ESTIMATED THAT THE COST OF A 10 PERCENT INCREASE

FROM APRIL 1 THROUGH JUNE 30, INCLUDING CSR IS AS
FOLLOWS:

PROGRAM : DOLS 6, 174 SHARED: DOLS 8,667

7. OTHER AGENCIES, OF COURSE, HAVE NOT BEEN
APPROACHED WITH THIS RECOMMENDATION AND WILL NOT
BE PENDING YOUR REACTION. THE COSTS TO THEM, HOWEVER,
WILL BE AS FOLLOWS:

USIS	DOLS 5,447
AGR-FAS	373
DEF-DAO	533
AFPLO	119
AID	2261

8. TO LEND FURTHER EMPHASIS TO THE NEED FOR
IMMEDIATE ACTION, OTHER DIPLOMATIC MISSIONS IN
ISRAEL HAVE ALWAYS LOOKED TO THE AMERICAN EMBASSY
FOR GUIDANCE IN GRANTING LOCAL WAGE INCREASES.
UTILIZING THIS EMBASSY'S SPOT SURVEY OF FEBRUARY,
THE GERMAN EMBASSY GRANTED A 10 PERCENT ACROSS THE BOARD
INCREASE ON FEBRUARY 10. THE CANADIAN EMBASSY
SIMILARLY GRANTED A 10 PERCENT INCREASE ON GROSS SALARIES
EFFECTIVE JANUARY 1. THUS THOSE WHO NORMALLY FOLLOW
OUR LEAD ARE NOW AHEAD OF US IN COMPENSATION TO THEIR
LOCAL EMPLOYEES.

9. YOUR MOST EARNEST CONSIDERATION OF THIS REQUEST
FOR AN IMMEDIATE 10 PERCENT INCREASE IN SALARIES WOULD
BE APPRECIATED. THE INCREASE IS THOROUGHLY WARRANTED
AS OUR ISRAELI EMPLOYEES ARE REALLY STRAPPED
FINANCIALLY. AND GRANTING THE INCREASE AT THIS TIME
WOULD GO A LONG WAY TOWARD RE-ESTABLISHING AMERICAN
BONA FIDES IN THEIR EYES.
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